



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

1595 Wynkoop Street
DENVER, CO 80202-1129
Phone 800-227-8917
<http://www.epa.gov/region08>

MAR 2 2012

Ref: 8TMS-FMP

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

W. R. Grace & Co.
Kootenai Development Company
c/o Mr. Robert Medler
Remedium Group, Inc.
6401 Poplar Avenue, Suite 301
Memphis, TN 38119

Re: Future Response Costs
Libby Asbestos Superfund Site (Libby)
Administrative Settlement Agreement and Order on
Consent 08-2007-0012 (Agreement); SSID #08-BC

Dear Mr. Medler:

The Environmental Protection Agency (EPA) received your letter dated February 3, 2012, regarding the \$300,000 in Department of Transportation (DOT) costs which were paid by the EPA and were identified on the cost summary report that was sent to you on January 26, 2012.

You were correct in your understanding that the \$300,000 charge may not represent the actual, final amount disbursed by EPA. The DOT was a contractor for the EPA and was given a certain amount of funds in an account to draw from to pay for work they perform. The draws generated by the DOT are advances and, therefore, are not exact expenditures, which is allowed under the terms of the Interagency Agreement (IAG). The DOT sends quarterly financial reports (enclosed) that reflect actual expenditures and work performed during each quarter. This particular IAG ended on December 31, 2011. It will take several months for the DOT to audit their Libby IAG expenditures. When the audit is complete, the DOT will either make additional draws on the Libby account to cover their final costs or will return monies to the EPA if there was an overage of DOT draws. Once there is a final accounting and the EPA finance office in Cincinnati, Ohio, adjusts the advance to reflect actual expenditures in the agency's official accounting system, the final expenditure amount in EPA's financial database system (SCORPIOS) will reflect EPA's actual costs. Once this is complete, the EPA will either refund monies to W.R. Grace or will bill the amount not recovered from W.R. Grace in next year's annual bill.

In your letter, you indicated that W.R. Grace plans to timely pay the other costs that were billed. Please note that in Section XVIII-Payment of Response Costs, paragraph 86 of the Agreement, if you are contesting costs, you are required to place the contested costs into an interest-bearing escrow account in a federally-insured bank duly chartered in the State of Montana. You will then need to send to me and to the EPA Project Coordinator, a copy of the transmittal letter and check paying the uncontested costs and a copy of the correspondence that establishes and funds the escrow account, including, but not limited to, information containing the identity of the bank and bank account number under which the escrow account is established. Also, this bank statement should show the initial balance of the escrow account. These actions must have been accomplished within the 30 day period that began with your receipt of EPA's bill. Pursuant to paragraph 86 of the Agreement, simultaneously with establishment of the escrow account, you were required to initiate the Dispute Resolution procedures in Section XV (Dispute Resolution) by a written letter informing the EPA of W. R. Grace's intention to initiate dispute resolution.

If W.R. Grace decides to pay the DOT costs, EPA will either reimburse W.R. Grace any overage of payment or will bill additional DOT costs in next year's annual bill. If you intend to contest the costs, we anticipate receiving the escrow documentation noted above and an initiation of dispute resolution in a timely manner.

If you have additional questions, you may contact Sharon Abendschan, Enforcement Specialist, at 303-312-6957 or Lorraine Ross, Enforcement Attorney, at 303-312-6888.

Sincerely,



Martha A. Walker
Financial Management Officer

Enclosure

cc: Lorraine Ross, 8ENF-L
Christina Progross, 8EPR-SR
Sharon Abendschan, 8ENF-RC
Dana Sherrer, NWD



Voipe Center Monthly Progress Report for WAF 9 – Mine Investigation Support (OU3)		Period Ending: 31-Mar-2011	
PPA/RA No.: VX58	Project Data – (October Base/line)	Total Plan for WAF 9:	\$499,752
PPA/RA Title: Libby Asbestos Project		Funding Available:	\$499,752
Customer Manager: B. Lavelle, C. Progett, R. Thomas	Start Date: 10/01/10	Add'l Funding Required:	
		Amount Committed:	\$227,498
Volpe Manager: J. Borgesi	End Date: 09/30/11	Balance Available:	\$272,254
Voipe WAF Manager: C. Zamora		% Committed:	46%
Summary of Work Performed Current Period (1/01/2011 – 3/31/2011):			
WAF 9 – Mine Investigation Support <ul style="list-style-type: none"> Conducted monthly laboratory calls with EPA, Voipe, CDM and contracted laboratories Worked with EPA to obtain funding to support 2010 - 2011 season Presented updated FY2011 budget Met with EPA to discuss budget and laboratory QA document Received draft Laboratory QA document with EPA comments 			
Projected Work for Next Period (4/01/2011 – 6/30/2011):			
WAF 9 – Mine Investigation Support <ul style="list-style-type: none"> Continue working with EPA RPM to develop a plan for FY11 OU3 support Coordinate and participate in monthly laboratory call with EPA, Voipe, CDM and contracted laboratories Provide technical direction for A&E support Prepare for next increment of funding Finalize Laboratory QA document for team review 			
Technical/Cost/Schedule Issues:			
<ul style="list-style-type: none"> New work direction from EPA RPM will require additional funding in FY11. Voipe labor is currently being charged to Program Management until additional funds are received. Task Order 18 will be out of funds by March 2011. 			
Status and 90-Day Look-Ahead:			
<ul style="list-style-type: none"> None. 			
Summaries of Change Orders and Claims Made:			
<ul style="list-style-type: none"> None. 			

CUMULATIVE FINANCIAL TRENDS

Comparison of Cumulative Actual Cumulative Commitments (AC FY11) vs. Budgeted/Planned Total Commitments for FY11 (BC FY11) – February Plan							
WAF 9 – Budget Categories	BC FY11	Jan	Feb	Mar	AC FY11	Balance	Explanation
Labor/o/h	56,210	0	0	496	6,687	49,523	
Other/Supplies	-	0	0		-	-	
TO 18 Mine Support (OU3)	233,612	0	0	121,350	211,809	21,803	
Unplanned funds	191,847	0	0		-	191,847	To send back to EPA w. Acq OH = \$200,000
Acq overhead on contracts and supplies	18,083	0	0	5,157	9,002	9,081	
Total WAF 9	499,752	0	0	127,003	227,498	272,254	

Voipe Center Monthly Progress Report for WAF 9 – Mine Investigation Support (OU3)		Period Ending: 30-Jun-2011	
PPA/RA No.: VX58	Project Data – (October Baseline)	Total Plan for WAF 9:	\$499,752
PPA/RA Title: Libby Asbestos Project		Funding Available:	\$499,752
Customer Manager: B. Lavelle, C. Prograss, R. Thomas	Start Date: 10/01/10	Add'l Funding Required:	
		Amount Committed:	\$229,755
Voipe Manager: J. Borgesi	End Date: 09/30/11	Balance Available:	\$269,997
Voipe WAF Manager: C. Zamora		% Committed:	46%
Summary of Work Performed Current Period (Q 3: 4/01/2011 – 6/30/2011):			
WAF 9 – Mine Investigation Support <ul style="list-style-type: none"> • Worked with EPA to obtain funding to support 2010 - 2011 season • Presented updated FY2011 budget • Met with EPA to discuss budget and laboratory QA document • Incorporated EPA comments into Laboratory QA document • Finalized Laboratory QA document • Prepared for next incremental funding • Funded task order for A&E support 			
Projected Work for Next Period (Q4: 7/01/2011 – 9/30/2011):			
WAF 9 – Mine Investigation Support <ul style="list-style-type: none"> • Close out A&E Task Order 			
Techhical/Cost/Schedule Issues:			
<ul style="list-style-type: none"> • \$200K in funds being returned to EPA (processed at Voipe in July) 			
Status and 90-Day Lpok-Ahead:			
<ul style="list-style-type: none"> • None. 			
Summaries of Chahge Orders and Claims Made:			
<ul style="list-style-type: none"> • None. 			

CUMULATIVE FINANCIAL TRENDS

Comparison of Cumulative Actual Cumulative Commitments (AC FY11) vs. Budgeted/Planned Total Commitments for FY11 (BC FY11) – February Plan

WAF 9 – Budget Categories	BC FY11	Apr	May	Jun	AC FY11	Balance	Explanation
Labor/o/n	56,210	1,144	1,113		8,944	47,266	
Other/Supplies	-				-	-	
TO 18 Mine Support (OU3)	233,612				211,809	21,803	
Unplanned funds	191,847				-	191,847	Being sent back to EPA w. Acq OH = \$200,000
Acq overhead on contracts and supplies	18,083				9,002	9,081	
Total WAF 9	499,752	1,144	1,113	-	229,755	269,997	

Voipe Center Monthly Progress Report for WAF 9 – Mine Investigation Support (QU3)		Period Ending: 30-Sep-2011	
PPA/RA No.: VX58	Project Data – (October Baseline)	Total Plan for WAF 9:	\$299,752
PPA/RA Title: Libby Asbestos Project		Funding Available:	\$299,752
Customer Manager: B. Lavelle, C. Prograss, R. Thomas	Start Date: 10/01/10	Add'l Funding Required:	
		Amount Committed:	\$229,878
Voipe Manager: J. Borgesi	End Date: 09/30/11	Balance Available:	\$69,873
Voipe WAF Manager: C. Zamora		% Committed:	77%
Suhimary of Work Performed Curreht Period (Q4 FY11: 7/01/2011 – 9/30/2011):			
WAF 9 – Mine Investigation Support <ul style="list-style-type: none">Presented updated FY2011 budgetCompleted work under A&E support task order			
Projected Work for Next Period (Q1 FY12: 10/01/2011 – 12/31/2011):			
WAF 9 – Mine Investigation Support <ul style="list-style-type: none">Close but A&E Task Order			
Technical/Cost/Schedule Issues:			
<ul style="list-style-type: none">None.			
Status and 90-Day Look-Ahead:			
<ul style="list-style-type: none">None.			
Summaries of Change Orders and Claims Made:			
<ul style="list-style-type: none">None.			

CUMULATIVE FINANCIAL TRENDS

**Comparison of Cumulative
Actual Cumulative Commitments (AC FY11) vs.
Budgeted/Planned Total Commitments for FY11 (BC FY11) – February Plan**

WAF 9 – Budget Categories	BC FY11	Jul	Aug	Sept	AC FY11	Balance	Explanation
Labor/o/h	56,210	124			9,068	47,143	
Other/Supplies	-				-	-	
TO 18 Mine Support (OU3)	233,612				211,609	21,803	
Unplanned funds					-	-	
Acq overhead on contracts and supplies	18,083				9,002	928	
Total WAF 9	299,752	124	-	-	229,878	69,873	

Voipe Center Monthly Progress Report for WAF 9 – Mine Investigation Support (OU3)			Period Ending: 31-Dec-2010	
PPA/RA No.: VX58	Project Data – (October Base/line)	Total Plan for WAF 9:		\$99,752
PPA/RA Title: Libby Asbestos Project		Funding Available:		\$99,752
Customer Manager: B. Lavelle, C. Progeess, R. Thomas	Start Date: 10/01/10	Add'l Funding Required:		\$156,146
		Amount Committed:		\$100,494
Voipe Manager: J. Borgesi	End Date: 09/30/11	Balance Available:		\$-742
Voipe WAF Manager: C. Zamora		% Committed:		101%
Summary of Work Performed Current Period (10/01/2010 – 12/31/2010):				
WAF 9 – Mine Investigation Support <ul style="list-style-type: none">Conducted monthly laboratory calls with EPA, Voipe, CDM and contracted laboratoriesWorked with EPA to obtain funding to support 2010 - 2011 seasonPresented updated FY2011 budgetMet with EPA to discuss budget and laboratory QA documentReceived draft Laboratory QA document with EPA comments				
Prpjeeted Work for Next Period (1/01/2011 – 3/31/2011):				
WAF 9 – Mine Investigation Support <ul style="list-style-type: none">Continue working with EPA RPM to develop a plan for FY11 OU3 supportCoordinate and participate in monthly laboratory call with EPA, Voipe, CDM and contracted laboratoriesProvide technical direction for A&E supportPrepare for next increment of fundingFinalize Laboratory QA document for team review				
Technriical/Cdst/Schedule Issues:				
<ul style="list-style-type: none">New work direction from EPA RPM will require additional funding in FY11.Voipe labor is currently being charged to Program Management until additional funds are received. Task Order 18 will be out of funds by March 2011.				
Status and 90-Day Look-Ahead:				

- None.

Summaries of Change Orders and Claims Made:

- None.

CUMULATIVE FINANCIAL TRENDS

Comparison of Cumulative Actual Cumulative Commitments (AC FY11) vs. Budgeted/Planned Total Commitments for FY11 (BC FY11) – October Plan							
WAF 9 – Budget Categories	BC FY11	Oct	Nov	Dec	AC FY11	Balance	Explanation
Labor/o/h	5,448	1,881	4,309	-	6,190	(742)	
Other/Supplies	-				-	-	
TO 18 Mine Support (OU3)	90,459	90,459			90,459	-	IAG revision will provide additional funding to contractor in FY11.
Acq overhead on contracts and supplies	3,845	3,845			3,845	0	
Total WAF 9	99,752	96,185	4,309	-	100,494	(742)	